



STATE OF TENNESSEE
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PAULA A. FLOWERS
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June 2, 2003

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Xantus Liquidation Filed

Nashville – Tennessee Commissioner of Commerce and Insurance Paula A. Flowers has petitioned for the liquidation of Xantus Health Plan of Tennessee, which will finish its contract as a TennCare MCO effective August 1.

TennCare officials announced April 30 that the state is terminating its contract with the troubled company, which has been operating in rehabilitation under TDCI since 1999. At that time, the company had accrued more than \$80 million in unpaid debts to TennCare health providers.

Commissioner Flowers petitioned to liquidate the company on Monday, June 2, asserting that there is no potential for rehabilitating Xantus or for selling it as an ongoing concern. Flowers, who at one time served as a special deputy receiver for Xantus, said she is convinced the company cannot be successfully rehabilitated. Xantus has a current negative net worth of \$74.6 million, and receives 100 percent of its revenue through its now-cancelled TennCare contract.

Xantus' TennCare enrollees are scheduled to be transferred to TennCare Select on or before July 31.

TennCare is Tennessee's managed care insurance program for 1.3 million people who are poor, disabled or uninsured. A full copy of the Liquidation petition can be found at <http://www.state.tn.us/commerce/tenncare/liquidations/xantus>